

CONCRETE SCHOOL DISTRICT NO. 11
Skagit County, Washington
September 1, 1994 Through August 31, 1996

Schedule Of Findings

1. Concrete School District Should Improve Controls Over Associated Student Body (ASB) Fund Raisers

Our review identified the following concerns in the management of ASB fund raisers at Concrete High School and Concrete Middle School:

- a. Reconciliations of cash received to expected revenue for fund raisers were not consistently performed.
- b. Inventory records were not consistently maintained.
- c. Inventory reconciliations were not consistently calculated accurately.
- d. Differences in the inventory balance between the end of one day and the beginning of the next day were reflected on inventory worksheets but were not explained.
- e. Consistent overages in receipts over expected revenue were reflected on middle school store reconciliations. However, no actions were taken to determine the cause of the problem and correct the overages.
- f. The calculation and distribution of profit from the high school store to the club running the store did not consistently include the costs of all of the items sold.

The *Revised Code of Washington* (RCW) 43.09.200 states:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

The Superintendent of Public Instruction's *Accounting Manual For School Districts in the State of Washington* at Chapter III, Section G-1, page 3 states in part:

Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be purposeful and useful to district management in controlling and/or analyzing operations

As a result of the weaknesses cited above, errors and theft could occur and not be detected in a timely manner, if at all.

The district has experienced significant turnover in personnel responsible for ASB activities, receipting, and monitoring. In 1996, the district provided training to its personnel on the appropriate procedures for management of ASB fund-raising. As a result of this training, a number of changes and new procedures were implemented which partially corrected the weaknesses noted.

We recommend the district work to strengthen their internal controls, maintain all records, and properly perform and review reconciliations of expected revenues to actual cash received.

Auditee's Response

During our recent audit exit conference, the District was made aware of a finding which will be included within the official audit report applicable to cash receipting relative to the ASB and School Store activities. The District acknowledges the areas of deficiency and will work with those responsible in developing a basic and more consistent process to implement within all schools to ensure the deficiencies are corrected and ensure there are adequate internal controls in place which promote accountability.

Auditor's Concluding Remarks

We would like to express our appreciation to Concrete School District for its written response to our audit report. Based upon the district's representations, it appears that the matters delineated in our report have been, or are being addressed. We would also like to take this opportunity to thank the staff throughout Concrete School District for their assistance and cooperation during the audit process.